

THE PRESIDENT'S INTELLIGENCE CHECKLIST

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2 JULY 1962
~~TOP SECRET~~



1. Taiwan Strait

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b. No new military movements have been detected in the Foochow Military Region. There are, however, tentative indications of a redeployment, involving at least elements of two divisions, along the southern coast of Chekiang Province, immediately to the north. Air and naval activity throughout the area appears normal.

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c. The belief that Peiping's primary goal has been to put Nationalist China off balance politically is gaining ground among top officials in Taipei.

d. Chinese Communist treatment of the President's press conference notes, and even stresses by indirection, references to the US' defensive intent. This seems to be designed to head off any panic reaction on the part of the population. At the same time, the regime is using the threat of Chinese Nationalist "aggression" to get whatever dividends it can by calling on the people for stepped-up production.

2. West New Guinea

a. Sukarno has accepted the Dutch assurances and has given the go-ahead for new talks. Subandrio believes they can get under way late this week or the beginning of next, at the outside.

b. Having said this, Subandrio went on to give Jones a preview of what could become the major sticking points in the next round of talks. He intimated that Djakarta will press to have the time-table for the transfer of administration cut back from the two years envisaged in the Bunker plan; and, that the Indonesians will put their backs up if the Dutch try to obtain a cease- 50X1 fire.

3. Algeria

As the referendum results continue to record the expected landslide for independence, the Algerian Nationalist factions are edging closer toward an open break. Troops loyal to the PAG are reportedly drawn up along the Tunisian border to block the entrance into Algeria of the more militant elements of the Liberation Army. The latter have declared their defiance of the PAG and say they will continue to obey orders from the military commanders who were cashiered by the PAG on Saturday.

4. Argentina

The government is deeply mired in economic troubles. Economic Minister Alsogaray is on his way out for failure to find remedies for ailments which have produced a record number of bankruptcies, spreading unemployment, and a depreciating currency. On top of a loss of public confidence, the government is faced with growing restiveness in the armed forces, some elements of which have not been paid since April.

NOTES

A. Khrushchev is scheduled to go on the air later today, ostensibly to report on his recent trip to Rumania. He can be counted on, however, to go beyond that subject and could offer some hint on how Moscow views the Taiwan Strait situation. [REDACTED]
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B. In Laos, Communist China, East Germany, and North Vietnam have gotten the diplomatic jump on their non-Communist counterparts. Vientiane this morning announced its recognition of those three plus Poland and Czechoslovakia.

C. Ambassador Martin reports that the sugar legislation issue has backed the Dominican government into a corner politically, but he is convinced that Saturday's go-it-alone statement was designed almost solely to cut the ground out from under the Leftist opposition.

D. The propaganda apparatus in East Germany, where the regime has had to concede publicly that there is a serious food shortage, has been given the job of telling the people that they will have to pull in their belts because relief is not in sight. [REDACTED]
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DOCUMENT OF INTEREST

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THE DIRECTOR OF CENTRAL INTELLIGENCE